

SPECIAL NOTICE

NOTICE OF CORRECTION

On Wednesday, June 26, 2002 the Office of Mineral Resources on behalf of the State Mineral Board advertised in the Notice of Publication for receipt of sealed bids on or before 12:00 noon on Tuesday, August 13, 2002, for State Leases to be awarded upon Tract Nos. 34725 through 34805, inclusive at its August 14, 2002 Lease Sale. Within said advertisement is an incorrect description for Tract No. 34800, Terrebonne Parish, Louisiana. By virtue of this public notice, said description for said Tract No. 34800, is hereby corrected as follows:

TRACT 34800 - SCHOOL BOARD - Terrebonne Parish, Louisiana

The State Mineral Board acting on behalf of the Terrebonne Parish School Board, pursuant to Resolution adopted by that body and in accordance with Louisiana Revised Statutes 30:121-136 and 151-156, as amended, and Article XIV, Section 16(A) (9) and (B) of the Louisiana Constitution of 1974, as same may be continued and promulgated in proper statutory form and, further, amended from time to time, advertises the lands not under mineral lease on August 14, 2002, excluding the beds and bottoms of all navigable water bodies owned by the State in its sovereign capacity located within the following: All of Section 16, Township 19 South, Range 12 East, Terrebonne Parish, Louisiana, containing approximately 45.60 acres, all as more particularly outlined in a plat on file in the Office of Mineral Resources, Department of Natural Resources, as provided by the applicant.

NOTE: The above description of the Tract nominated for lease has been provided and corrected, where required, exclusively by the nomination party. Any mineral lease selected from this Tract and awarded by the Louisiana State Mineral Board shall be without warranty of any kind, either express, implied, or statutory, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Should the mineral lease awarded by the Louisiana State Mineral Board be subsequently modified, cancelled or abrogated due to the existence of conflicting leases, operating agreements, private claims or other future obligations or conditions which may affect all or any portion of the leased Tract, it shall not relieve the Lessee of the obligation to pay any bonus due thereon to the Louisiana State Mineral Board, nor shall the Louisiana State Mineral Board be obligated to refund any consideration paid by the Lessor prior to such modification, cancellation, or abrogation, including, but not limited to, bonuses, rentals and royalties.

NOTE: The Terrebonne Parish School Board, in its Resolution authorizing the State to lease on its behalf, has further indicated that any lease given to

a successful bidder shall contain a minimum royalty of 25% on oil, gas and other liquid and gaseous minerals, a "favored nations" clause, special offset well provisions and a requirement of approval by the School Board prior to the transfer of any interest in the lease; all of which provisions are more specifically set forth in the Resolution of the Terrebonne Parish School Board on file and available for viewing in the Office of Mineral Resources, Department of Natural Resources, 617 N. 3rd Street, 8th Floor, Baton Rouge, Louisiana.

NOTE: This Tract may be located within a Wildlife Management Area, Refuge, Game Preserve or other area under the management and jurisdiction of the Department of Wildlife and Fisheries. As such, any specific rules and regulations promulgated by said Department for the respective Wildlife Management Area, Refuges, Game Preserves or similar areas may be applicable to lease operations on this Tract, as well as the following:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries.
2. Projects will be evaluated on a case by case basis. Modifications to projects may be required including, but not limited to, access routes, spoil placement, well sites, flow lines and other appurtenant structures.
3. Mitigation will be required to offset avoidable wetland impacts.
4. Removal of all structures, facilities, and equipment will be required within 120 days of abandonment unless otherwise agreed to be the Department of Wildlife and Fisheries.
5. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project details with the Louisiana Department of Wildlife and Fisheries, Fur and Refuge Division. Contact person for the Department will be Mike Windham at (504) 568-5886.

NOTE: The Department of Wildlife and Fisheries has designated certain areas in the coastal waters of the State of Louisiana as Oyster Seed Bed Areas. The exact location of those Seed Bed Areas must be obtained from the Department of Wildlife and Fisheries and any work done under a mineral lease from the State of Louisiana may necessarily be conducted in conformity with the rules and regulations promulgated by the said Department of Wildlife and Fisheries for Oyster Seed Bed Areas.

NOTE: The State of Louisiana does hereby reserve, and this lease shall be subject to, the imprescriptible right of surface use in the nature of a servitude in favor of the Department of Natural Resources and/or the Department of Wildlife and Fisheries, including its Offices and Commissions, for the sole purpose of implementing, constructing, servicing and maintaining approved coastal zone management and/or restoration projects. Utilization of any and all rights derived under this lease by the mineral lessee, its agents, successors or assigns, shall not interfere with nor hinder the reasonable surface use by the Department of Natural Resources and/or the Department of Wildlife and Fisheries, its Offices or Commissions, as herein above reserved.

Applicant: Cypress Energy Corporation to Agency and by Resolution from the Terrebonne Parish School Board authorizing the Mineral Board to act in its behalf